

**Via Technologies, Inc.**

**Financial Statements for the  
Nine Months Ended September 30, 2008 and 2007**

# VIA TECHNOLOGIES, INC.

## BALANCE SHEETS

SEPTEMBER 30, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| ASSETS  | 2008                |            | 2007                |            | LIABILITIES AND STOCKHOLDERS' EQUITY               | 2008                |            | 2007                |            |
|---|---------------------|------------|---------------------|------------|--|---------------------|------------|---------------------|------------|
|   | Amount              | %          | Amount              | %          |  | Amount              | %          | Amount              | %          |
| <b>CURRENT ASSETS</b>                                   |                     |            |                     |            | <b>CURRENT LIABILITIES</b>                         |                     |            |                     |            |
| Cash and cash equivalents                               | \$ 3,034,646        | 22         | \$ 5,372,350        | 27         | Notes payable                                      | \$ 64               | -          | \$ 51               | -          |
| Financial assets at fair value through profit or loss   | 1,254,036           | 9          | 1,668,480           | 8          | Accounts payable                                   | 1,348,074           | 10         | 3,077,032           | 15         |
| Available-for-sale financial assets, current            | 2,512               | -          | 2,482               | -          | Notes and accounts payable to related parties      | 71,229              | 1          | 65,174              | -          |
| Notes receivable, net                                   | 5,773               | -          | 29,137              | -          | Income tax payable                                 | 450,629             | 3          | 348,642             | 2          |
| Accounts receivable, net                                | 730,035             | 5          | 875,010             | 4          | Accrued expenses                                   | 393,897             | 3          | 744,127             | 4          |
| Notes and accounts receivable from related parties, net | 286,689             | 2          | 392,507             | 2          | Current portion of long-term liabilities           | 1,175,000           | 9          | 362,500             | 2          |
| Other receivables                                       | 61,975              | -          | 769,016             | 4          | Other current liabilities                          | 481,377             | 3          | 417,749             | 2          |
| Inventories   | 1,642,482           | 12         | 3,232,430           | 16         |  |                     |            |                     |            |
| Deferred income tax asset, current                      | 391,352             | 3          | 741,899             | 4          | Total current liabilities                          | 3,920,270           | 29         | 5,015,275           | 25         |
| Other current assets                                    | 64,506              | 1          | 146,787             | 1          |  |                     |            |                     |            |
| Total current assets                                    | 7,474,006           | 54         | 13,230,098          | 66         | <b>LONG-TERM LIABILITIES</b>                       |                     |            |                     |            |
|   |                     |            |                     |            | Corporate bonds payable                            | -                   | -          | 1,175,000           | 6          |
| <b>LONG-TERM INVESTMENTS</b>                            |                     |            |                     |            | Long-term bank loans                               | 1,400,000           | 10         | 950,000             | 5          |
| Financial assets carried at cost                        | 86,234              | -          | 86,234              | -          |  |                     |            |                     |            |
| Long-term investments under equity method               | 2,729,529           | 20         | 4,113,302           | 21         | Total long-term liabilities                        | 1,400,000           | 10         | 2,125,000           | 11         |
| Total long-term investments                             | 2,815,763           | 20         | 4,199,536           | 21         |  |                     |            |                     |            |
|   |                     |            |                     |            | <b>OTHER LIABILITIES</b>                           |                     |            |                     |            |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                    |                     |            |                     |            |  | 729,495             | 5          | 801,893             | 4          |
| Land  | 983,643             | 7          | 1,000,539           | 5          | Total liabilities                                  | 6,049,765           | 44         | 7,942,168           | 40         |
| Buildings and improvements                              | 618,079             | 4          | 648,289             | 3          |  |                     |            |                     |            |
| Machinery and equipment                                 | 71,999              | 1          | 72,262              | 1          | <b>STOCKHOLDERS' EQUITY</b>                        |                     |            |                     |            |
| Computer equipment                                      | 108,873             | 1          | 146,380             | 1          | Common stock                                       | 13,089,732          | 95         | 13,091,743          | 65         |
| Research and development equipment                      | 353,933             | 3          | 421,643             | 2          | Capital surplus                                    | -                   | -          | 2,826,803           | 14         |
| Transportation equipment                                | -                   | -          | 3,368               | -          | Additional paid-in capital                         | -                   | -          | -                   | -          |
| Furniture and fixtures                                  | 5,349               | -          | 7,420               | -          | Long-term equity investments                       | 239,714             | 2          | 221,397             | 1          |
| Leasehold improvements                                  | 11,097              | -          | 20,179              | -          | Retained earnings                                  | -                   | -          | -                   | -          |
|   | 2,152,973           | 16         | 2,320,080           | 12         | Accumulated deficit                                | (4,496,138)         | (33)       | (2,928,396)         | (15)       |
| Less accumulated depreciation                           | (519,959)           | (4)        | (561,764)           | (3)        | Cumulative translation adjustments                 | 594,029             | 4          | 540,290             | 3          |
| Prepayments for business facilities                     | 2,397               | -          | 157,761             | 1          | Unrealized losses (gains) on financial instruments | (17,492)            | -          | 43,752              | -          |
| Property, Plant and equipment, net                      | 1,635,411           | 12         | 1,916,077           | 10         | Treasury stock                                     | (1,633,176)         | (12)       | (1,641,241)         | (8)        |
|   |                     |            |                     |            | Total stockholders' equity                         | 7,776,669           | 56         | 12,154,348          | 60         |
| <b>INTANGIBLE ASSETS</b>                                |                     |            |                     |            |  |                     |            |                     |            |
| Patents   | 46,051              | -          | 50,969              | -          |  |                     |            |                     |            |
|   |                     |            |                     |            |  |                     |            |                     |            |
| <b>OTHER ASSETS</b>                                     |                     |            |                     |            |  |                     |            |                     |            |
| Leased-out assets                                       | 196,163             | 2          | 197,641             | 1          |  |                     |            |                     |            |
| Refundable deposits                                     | 8,953               | -          | 18,388              | -          |  |                     |            |                     |            |
| Deferred bonds issuance costs                           | 1,403               | -          | 2,387               | -          |  |                     |            |                     |            |
| Deferred charges  | 185,509             | 1          | 221,514             | 1          |  |                     |            |                     |            |
| Deferred income tax assets, noncurrent                  | 551,375             | 4          | 259,906             | 1          |  |                     |            |                     |            |
| Restricted assets, noncurrent                           | 911,800             | 7          | -                   | -          |  |                     |            |                     |            |
| Total other assets                                      | 1,855,203           | 14         | 699,836             | 3          |  |                     |            |                     |            |
|   |                     |            |                     |            |  |                     |            |                     |            |
| <b>TOTAL</b>  | <b>\$13,826,434</b> | <b>100</b> | <b>\$20,096,516</b> | <b>100</b> | <b>TOTAL</b>                                       | <b>\$13,826,434</b> | <b>100</b> | <b>\$20,096,516</b> | <b>100</b> |

## VIA TECHNOLOGIES, INC.

### STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

|   | 2008             |            | 2007               |             |
|---|------------------|------------|--------------------|-------------|
|   | Amount           | %          | Amount             | %           |
| <b>OPERATING REVENUES</b>                               |                  |            |                    |             |
| Sales   | \$ 6,835,505     | 106        | \$ 13,880,799      | 114         |
| Less  |                  |            |                    |             |
| Sales returns   | (54,072)         | (1)        | (69,477)           | (1)         |
| Sales allowance   | <u>(324,345)</u> | <u>(5)</u> | <u>(1,645,454)</u> | <u>(13)</u> |
| Net sales   | 6,457,088        | 100        | 12,165,868         | 100         |
| Other operating revenues                                | <u>5,032</u>     | <u>-</u>   | <u>6,112</u>       | <u>-</u>    |
| Total operating revenues                                | 6,462,120        | 100        | 12,171,980         | 100         |
| <b>COST OF OPERATING REVENUES</b>                       |                  |            |                    |             |
|   | <u>4,302,801</u> | <u>66</u>  | <u>9,516,170</u>   | <u>78</u>   |
| <b>GROSS PROFIT</b>                                     |                  |            |                    |             |
|   | 2,159,319        | 34         | 2,655,810          | 22          |
| <b>UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS</b> |                  |            |                    |             |
|   | (6,561)          | -          | (25,002)           | -           |
| <b>REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS</b>   |                  |            |                    |             |
|   | <u>24,677</u>    | <u>-</u>   | <u>20,919</u>      | <u>-</u>    |
| <b>REALIZED GROSS PROFIT</b>                            |                  |            |                    |             |
|   | <u>2,177,435</u> | <u>34</u>  | <u>2,651,727</u>   | <u>22</u>   |
| <b>OPERATING EXPENSES</b>                               |                  |            |                    |             |
| General and administrative expenses                     | 870,248          | 14         | 1,443,939          | 12          |
| Research and development expenses                       | <u>1,354,118</u> | <u>21</u>  | <u>1,685,019</u>   | <u>14</u>   |
| Total operating expenses                                | <u>2,224,366</u> | <u>35</u>  | <u>3,128,958</u>   | <u>26</u>   |
| <b>LOSS FROM OPERATIONS</b>                             |                  |            |                    |             |
|   | <u>(46,931)</u>  | <u>(1)</u> | <u>(477,231)</u>   | <u>(4)</u>  |
| <b>NON-OPERATING INCOME</b>                             |                  |            |                    |             |
| Interest income   | 53,037           | 1          | 87,986             | 1           |
| Dividend income   | 114,257          | 2          | 69,797             | -           |
| Gain on disposal of property, plant and equipment       | 64,625           | 1          | 355                | -           |
| Gain on sale of investments, net                        | 1,145            | -          | 4,380              | -           |
| Foreign exchange gain, net                              | 24,389           | -          | 10,797             | -           |
| Rental income   | 10,150           | -          | 11,808             | -           |
| Valuation gain on financial assets, net                 | 106,263          | 2          | -                  | -           |
| Other   | <u>127,800</u>   | <u>2</u>   | <u>195,654</u>     | <u>2</u>    |
| Total non-operating income                              | <u>501,666</u>   | <u>8</u>   | <u>380,777</u>     | <u>3</u>    |

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**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

|   | <b>2008</b>           |             | <b>2007</b>           |             |
|---|-----------------------|-------------|-----------------------|-------------|
|   | <b>Amount</b>         | <b>%</b>    | <b>Amount</b>         | <b>%</b>    |
| <b>NON-OPERATING EXPENSES</b>                     |                       |             |                       |             |
| Interest expenses                                 | 43,120                | 1           | 51,481                | 1           |
| Investment losses under equity method             | 2,196,280             | 34          | 1,881,937             | 16          |
| Loss on disposal of property, plant and equipment | 51                    | -           | 81                    | -           |
| Loss on physical inventory                        | 2,910                 | -           | 294                   | -           |
| Loss on inventory devaluation                     | 203,134               | 3           | 416,635               | 3           |
| Valuation loss on financial assets, net           | -                     | -           | 49,035                | -           |
| Other   | <u>11,945</u>         | <u>-</u>    | <u>4,147</u>          | <u>-</u>    |
| Total non-operating expenses                      | <u>2,457,440</u>      | <u>38</u>   | <u>2,403,610</u>      | <u>20</u>   |
| LOSS BEFORE INCOME TAX                            | (2,002,705)           | (31)        | (2,500,064)           | (21)        |
| INCOME TAX EXPENSE                                | <u>(58,834)</u>       | <u>(1)</u>  | <u>(127,877)</u>      | <u>(1)</u>  |
| NET LOSS  | <u>\$ (2,061,539)</u> | <u>(32)</u> | <u>\$ (2,627,941)</u> | <u>(22)</u> |

|                      | <b>2008</b>                      |                                 | <b>2007</b>                      |                                 |
|----------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                      | <b>Before<br/>Income<br/>Tax</b> | <b>After<br/>Income<br/>Tax</b> | <b>Before<br/>Income<br/>Tax</b> | <b>After<br/>Income<br/>Tax</b> |
| BASIC LOSS PER SHARE | <u>\$ (1.55)</u>                 | <u>\$ (1.60)</u>                | <u>\$ (1.94)</u>                 | <u>\$ (2.04)</u>                |

If the Company's stock held by subsidiaries is not considered as treasury stock:

|                      |                      |                      |
|----------------------|----------------------|----------------------|
| NET LOSS             | <u>\$(2,061,539)</u> | <u>\$(2,627,941)</u> |
| BASIC LOSS PER SHARE | <u>\$ (1.57)</u>     | <u>\$ (2.01)</u>     |

(Concluded)

**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

|   | 2008             | 2007               |
|---|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                  |                    |
| Net loss  | \$ (2,061,539)   | \$ (2,627,941)     |
| Adjustments to reconcile net income to net cash used in operating activities    |                  |                    |
| Depreciation and amortization (including depreciation of leased-out assets)     | 269,548          | 335,618            |
| Investment losses on equity-method investees                                    | 2,196,280        | 1,881,937          |
| Valuation loss (gain) on financial instruments, net                             | 3                | (242)              |
| Gain sale of investments, net   | (1,145)          | (2,327)            |
| Gain on disposal of property, plant and equipment                               | (64,625)         | 81                 |
| Loss on disposal of property, plant and equipment                               | 51               | (355)              |
| Transfer of cost of property, plant and equipment to expense                    | -                | 533                |
| Amortization of bond issuance costs   | 656              | 1,598              |
| Cash dividends on equity-method investees                                       | -                | 213,000            |
| Deferred income tax assets  | 58,909           | 127,521            |
| Accrued pension cost  | 940              | (1,814)            |
| Net changes in operating assets and liabilities                                 |                  |                    |
| Financial assets held for trading   | (106,266)        | (1,618,757)        |
| Financial liabilities held for trading  | -                | (29)               |
| Notes receivable, net   | (3,187)          | (20,598)           |
| Accounts receivable, net  | (430,504)        | 226,231            |
| Notes and accounts receivable from related parties, net                         | (88,980)         | (24,729)           |
| Other receivables   | 82,994           | 10,876             |
| Inventories   | 960,597          | 963,512            |
| Other current assets  | 72,249           | 59,881             |
| Notes payable   | 38               | (3,918)            |
| Accounts payable  | (624,549)        | (376,183)          |
| Notes and accounts payable to related parties                                   | 15,534           | 26,503             |
| Income tax payable  | (413,974)        | -                  |
| Accrued expenses  | (404,681)        | (349,709)          |
| Other current liabilities   | 57,705           | 42,043             |
| Net cash used in operating activities   | <u>(483,946)</u> | <u>(1,137,268)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |                  |                    |
| Increase in financial assets at fair value through profit or loss               | (230,000)        | (50,000)           |
| Proceeds from disposal of financial assets at fair value through profit or loss | 225,924          | -                  |
| Payment for available-for-sale financial assets                                 | (796,000)        | (469,800)          |
| Proceeds from sale of available-for-sale financial assets                       | 796,825          | 478,448            |
| Payments for financial assets carried at cost                                   | -                | (8,250)            |
| Payment for long-term investments under equity method                           | (2,217,256)      | (1,356,970)        |
| Proceeds from sale of long-term investments under equity method                 | 5,201            | 2,165,161          |

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**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

|   | 2008                | 2007                  |
|---|---------------------|-----------------------|
| Decrease in prepayments for long-term investments                                 | \$ -                | \$ 254,201            |
| Acquisition of property, plant and equipment                                      | (46,339)            | (304,079)             |
| Proceeds from disposal of property, plant and equipment                           | 218,818             | 71,977                |
| Decrease (increase) in due from the subsidiary                                    | 599,900             | (439,900)             |
| Decrease (increase) in refundable deposits  | 3,290               | (63)                  |
| Increase in deferred charges  | <u>(146,575)</u>    | <u>(158,204)</u>      |
| Net cash (used in) provided by investing activities                               | <u>(1,586,212)</u>  | <u>182,521</u>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                     |                       |
| Increase in long-term bank loans  | 900,000             | 483,333               |
| Repayments of corporate bonds payable   | (362,500)           | (362,500)             |
| Proceeds from disposal of treasury stock  | -                   | 23,202                |
| Decrease in guarantee deposits received   | <u>(484)</u>        | <u>(5)</u>            |
| Net cash provided by financing activities   | <u>537,016</u>      | <u>144,030</u>        |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                  | (1,533,142)         | (810,717)             |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>                             | <u>4,567,788</u>    | <u>6,183,067</u>      |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>                                   | <u>\$ 3,034,646</u> | <u>\$ 5,372,350</u>   |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>                         |                     |                       |
| Cash paid during the period   |                     |                       |
| Interest  | <u>\$ 54,022</u>    | <u>\$ 62,076</u>      |
| Income tax  | <u>\$ 418,039</u>   | <u>\$ 6,154</u>       |
| <b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>                                 |                     |                       |
| Transfer of financial assets held for trading to restricted assets                | 911,800             | -                     |
| Current portion of long-term liabilities  | <u>\$ 1,175,000</u> | <u>\$ 362,500</u>     |
| Transfer of Long-term investment under equity method to other liabilities         | <u>\$ 124</u>       | <u>\$ (16,336)</u>    |
| Transfer of deferred credits to gain on disposal of property, plant and equipment | <u>\$ 18,275</u>    | <u>\$ 162</u>         |
| Retirement of treasury stock  | <u>\$ -</u>         | <u>\$ 495,879</u>     |
| <b>PAYMENT FOR FINANCIAL ASSETS HELD FOR TRADING</b>                              |                     |                       |
| Net increase (decrease) in financial instruments held for trading                 | \$ (106,266)        | \$ 49,277             |
| Decrease in other payable   | <u>-</u>            | <u>(1,668,034)</u>    |
| Cash payment  | <u>\$ (106,266)</u> | <u>\$ (1,618,757)</u> |

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**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**  
**(In Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

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|   | 2008              | 2007                |
|---|-------------------|---------------------|
| PROCEEDS FROM SALE OF LONG-TERM INVESTMENT UNDER EQUITY METHOD          |                   |                     |
| Proceeds from disposal of long-term investment under equity method      | \$ 5,201          | \$ 107,000          |
| Decrease in other receivables   | <u>-</u>          | <u>2,058,161</u>    |
| Cash received   | <u>\$ 5,201</u>   | <u>\$ 2,165,161</u> |
| PURCHASE OF PROPERTY, PLANT AND EQUIPMENT                               |                   |                     |
| Increase in property, plant and equipment                               | \$ 35,700         | \$ 275,766          |
| Decrease in payable due to acquisition of property, plant and equipment | <u>10,639</u>     | <u>28,313</u>       |
| Cash payment  | <u>\$ 46,339</u>  | <u>\$ 304,079</u>   |
| PURCHASE OF DEFERRED CHARGES  |                   |                     |
| Increase in deferred charges  | \$ 92,329         | \$ 59,791           |
| Decrease in payable due to acquisition of deferred charges              | <u>54,246</u>     | <u>98,413</u>       |
| Cash payment  | <u>\$ 146,575</u> | <u>\$ 158,204</u>   |

(Concluded)